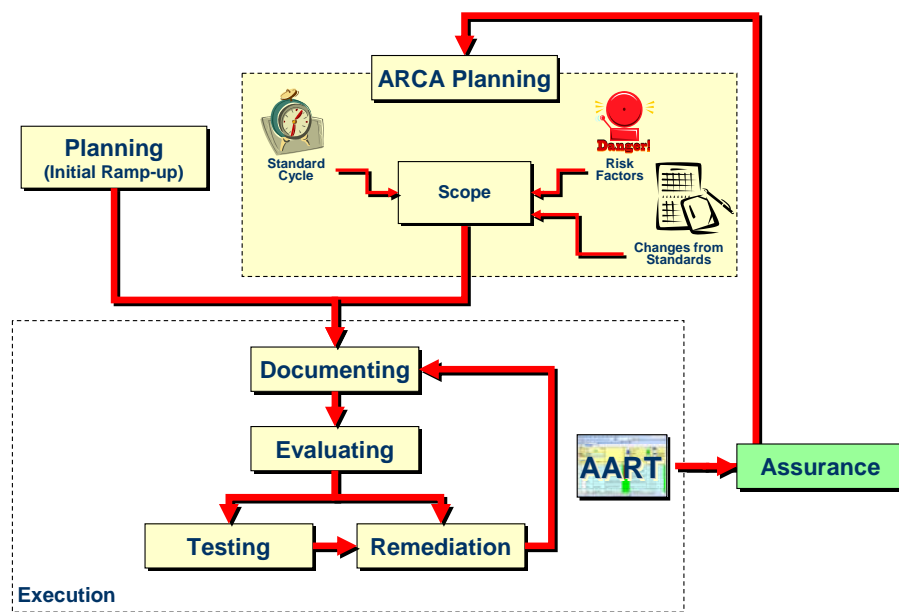









A-123 Quick Start Guide— Reporting and Assurance



Purpose	<ul style="list-style-type: none"> • Report progress of the A-123 implementation. • Provide the yearly Assurance Statement and Report
Key Activities	<ul style="list-style-type: none"> • Develop and submit Quarterly Reports • Develop and submit annual assurance • Understand reporting criteria
Required Templates	<ul style="list-style-type: none"> • AART Tool Suite • Quarterly Report (Form & Content) • Implementation Plan • Assurance Report (Form & Content)



A-123 Quick Start Guide Reporting and Assurance

Document Legend			
	Notebox: Contains additional information		Tip: Contains helpful information and recommendations.
	Requirements: Contains very important requirement information		Detailed A-123 Documentation
			AART Input: Color dependent by tab. Local AART [yellow], ECS-Assess [dark blue], PCS-Assess [light blue], ECS/PCS-Test [green], CAP-Track [red]

INTRO

OBJECTIVE

Provide SrAT, CFO, and oversight organizations with an ongoing report of A-123 Implementation progress, as well as, the necessary information to respond to OMB requests. A fixed schedule for all reporting entities has been established and is published in the A-123 Annual Guidance and/or on the DOE A-123 Website.

Out of cycle reporting may be required to support external reporting requirements or senior management needs.

QUARTERLY REPORTING

Field Offices will be required to consolidate (i.e., “roll-up”) all Site AART data as part of the Field Office reporting requirements.

LPSOs, Corporate Departments and Field Offices will be required to submit the AART Tool Suites (Field Offices must also submit all Site Contractor AARTs) on a quarterly basis.


OUT OF CYCLE REPORTING

PMT will provide specific guidance as needed.

YEAR END ASSURANCE REPORTING

All data captured in the AART Tool Suite is the foundation for developing the annual Secretarial assurance statement required by OMB A-123, Appendix A.

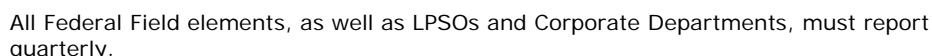
The Assurance functionality of the AART Tool Suite facilitates a methodological and disciplined approach, as documented in this guide, to ensure consistency across all DOE reporting elements and effective support of the Secretarial assurance statement.



Two separate year end reports will be required (i.e., preliminary and final).



Quarterly Reporting

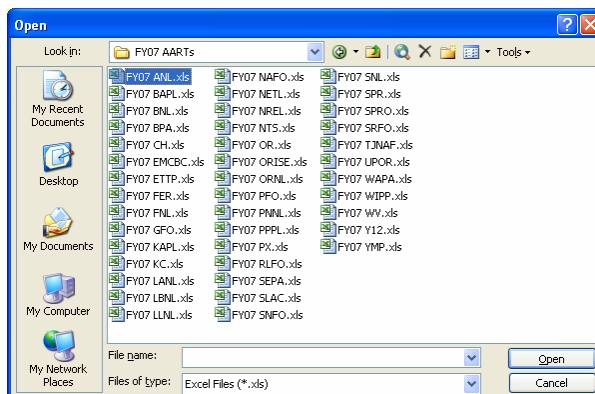
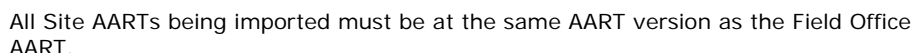


A. [FO Only] Consolidate Site data in the Rollup AART

1. Validate that the names of the Sites are current and complete on the Rollup AART tab.



AART: Rollup		Version 4.0		Chicago-Rollup						Chicago						Argonne National Lab						Brookhaven National Lab						Fermi National Accelerator Lab										
Select View:		<input type="text"/>	<input type="button" value="HELP"/>													<input type="button" value="Import"/>						<input type="button" value="Import"/>						<input type="button" value="Import"/>										
Chicago																																						
FO		CH		FO-CH						CH						ANL						BNL						FNL										
Attester				Tom Foley, CFO						Tom Foley, CFO																												
Material Account		Acct Status		MAD	EC	BRC	PBP	DQC	PZA	ERM	MAD	EC	BRC	PBP	DQC	PZA	ERM	MAD	EC	BRC	PBP	DQC	PZA	ERM	MAD	EC	BRC	PBP	DQC	PZA	ERM	MAD	EC	BRC	PBP	DQC	PZA	ERM
Balance Sheet																																						
Intragovernmental Fund Balance with Treasury	5	y	e	s	6			6	6	y	e	s	6			6	6																					
Intragovernmental Investment																																						
Intragovernmental Regulatory Assets																																						
Accounts Receivable, Net																																						
Nuclear Materials																																						
Strategic Petroleum and Northeast Home Heating Oil Reserve																																						
General Property, Plant and Equipment																																						
Regulatory Assets																																						
Other non-intragovernmental assets																																						
Intragovernmental debt																																						
Intragovernmental appropriated capital owned																																						
Accounts Payable																																						
Debt																																						
Deferred Revenue and other credits																																						
Environmental Liabilities	5	y	e	s	6			6		y	e	s	6			6																						
Pension and other actuarial liabilities																																						
Other liabilities	5	y	e	s	6					y	e	s	6																									
Contingencies and commitments																																						





A-123 Quick Start Guide Reporting and Assurance

4. Validate that the site data was appropriately imported for the selected location.

AART: Rollup		Chicago-Rollup										Chicago										Argonne National Lab										Brookhaven National Lab									
Select View: <input type="button" value="Select view"/> <input type="button" value="HELP"/>																						<input type="button" value="Import"/>										<input type="button" value="Import"/>									
Chicago																																									
FO	CH	FO-CH										CH										ANL										BNL									
Attester		Tom Foley, CFO										Tom Foley, CFO										Michael Bartos, CFO																			
Material Account	Acct Status	MAD	EC	B2C	P2P	Q2C	P2A	ERM	MAD	EC	B2C	P2P	Q2C	P2A	ERM	MAD	EC	B2C	P2P	Q2C	P2A	ERM	MAD	EC	B2C	P2P	Q2C	P2A	ERM												
Balance Sheet																																									
Intragovernmental Fund Balance with Treasury	5	y	6	5	6		6	6	y	6	5	6		6	6																										
Intragovernmental Investment																																									
Intragovernmental Regulatory Assets																																									
Accounts Receivable, Net																																									
Nuclear Materials	6	y	6		6											y	6		6																						
Strategic Petroleum and Northeast Home Heating Oil Reserve																																									
General Property, Plant and Equipment	6	y	6	6												y	6	6																							
Regulatory Assets																																									
Other non-intragovernmental assets																																									
Intragovernmental debt																																									
Intragovernmental appropriated capital owned																																									
Accounts Payable	6	y	6	6	6		6									y	6	6	6		6																				
Debt																																									
Deferred Revenue and other credits																																									
Environmental Liabilities	5	y	6	5	6		6		y	6	5	6		6																											
Pension and other actuarial liabilities	6	y	6	6			6									y	6	6																							



The AART will automatically roll up the ratings from the various sites and show the aggregate impact on the Field Office Material Accounts in the Account Status column¹ Rollup AART tab.

5. Repeat for all Sites under your cognizance. This will consolidate the site AART data into the Rollup AART.



A-123 Quick Start Guide Reporting and Assurance

B. Prepare for Quarterly Reporting Submission

1. Review Local/Rollup AARTs for completeness and quality
 - a. Validate proper incorporation of applicable Local AART data from the sites into the Rollup AART for completeness and correctness.
 - b. Perform QA on the local AART for elements under your cognizance to ensure quality submission to PMT.



The field element is accountable for the quality of all data submitted by the Sites under your cognizance.

- i) Review progress metrics in the statistics tab² of the AART (% Completion, planned vs. actual progress, results, areas of remediation, assessment of deficient areas)
 - ii) Spot check of data
 - Completeness and quality of Risk statements and control statement in the Control Sets
 - Completeness and quality of test information capture in the AART.
 - Incorporation and reasonableness of Rationale for ratings
 - Recording of documentation location – to be used to calculate metrics on completion of Documenting phase.
2. Complete the Oversight tab in the Rollup AART for LPSOs and Field Offices.

Cognizant Field Offices and LPSOs should review the questions stated in the tab and answer them based on their current status regarding addressing those issues. Where they cannot answer affirmatively, they should record a "NO" and remediate the issue.
3. Review and complete the Quarterly Report utilizing the standard Form and Content provided on the DOE A-123 website.
4. Update the Implementation Plan based on the standard form and content available on the DOE A-123 website.

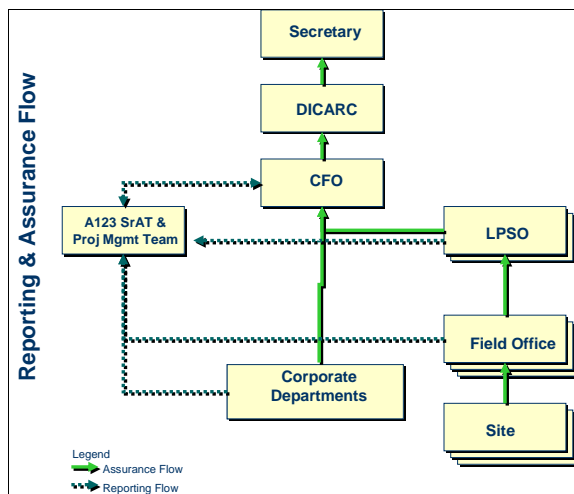


A-123 Quick Start Guide Reporting and Assurance

C. Submit Quarterly Report

During Initial Ramp-up (or as directed by PMT)

1. Refer to DOE Annual Guidance and/or DOE A-123 Website for the reporting date deadlines.
2. Develop your transmittal memorandum.
3. Compile your Quarterly Submission packet. It needs to include:
 - a. Transmittal memo
 - b. Completed Quarterly Report
 - c. Updated implementation plan
 - d. AART Tool suite for the reporting unit
 - e. [FO Only] All AARTs for the elements under your cognizance
4. Review the Reporting and Assurance Flow below and submit the Quarterly Submission packet as follows:



FIELD OFFICES

- a. Send a hardcopy to the Lead Program Secretarial Office (LPSO)
- b. Send carbon copy to other Secretarial Offices that provide significant funding to the Site.
- c. Send carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review, and A-123 Project Management Team.
- d. An electronic copy is to be submitted via e-mail to the A-123 Helpdesk at A-123Helpdesk@hq.doe.gov.

LPSO/CD

- a. Send a hard copy to the Chief Financial Officer (CFO) with a carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review.
- b. Send a carbon copy to the A-123 Project Management Team.
- c. An electronic copy is to be submitted via e-mail to the A-123 Helpdesk at A-123Helpdesk@hq.doe.gov.



A-123 Quick Start Guide Reporting and Assurance

During Annual Risk-based Control Assessments [ARCA] (or as directed by PMT)

1. Refer to DOE Annual Guidance and/or DOE A-123 Website for the reporting date deadlines.
2. Compile your Quarterly Submission packet. It needs to include:
 - a. AART Tool suite for the reporting unit
 - b. [FO Only] All AARTs for the elements under your cognizance
3. Review the Reporting and Assurance Flow above and submit the Quarterly Submission packet as follows:
 - a. An electronic copy is to be submitted via email to the A-123 Helpdesk at A-123helpdesk@hq.doe.gov.



Field Offices and LPSOs should coordinate to determine any additional reporting requirements.



A-123 Quick Start Guide Reporting and Assurance

YEAR END ASSURANCE REPORTING

D. Identify process deficiencies and impacts to the respective material accounts



1. Review and, if necessary, update the Summary Ratings of the ECS/PCS-Assess tabs (i.e. Area ratings, Overall Entity Rating and Process ratings).



2. Click on "EXTRACT" button on the Assurance Local tab. Data will automatically be populated with any process rated on the local AART with a rating of 3, 4 or 5.

Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description
Intragovernmental Fund balance with Treasury	FBWT	TST	3		
General Property, Plant and Equipment	Inventory Management	TST	4		
Accounts Payable	FBWT	TST	4		

If there is data in the Assurance Local tab, click on the CLEAR ALL button prior to extracting the current assurance data to remove all values.

3. If there are no deficiencies found on the Local AART, a confirmation will appear. Click OK to close the box and the Assurance Local tool will be automatically populated with the phrase "No Deficiencies" and the Location Code.

Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description
No Deficiencies		TST			

4. If you have deficient processes they will automatically be populated in the Assurance Local tab of the AART. Review the list for completeness.



A-123 Quick Start Guide Reporting and Assurance

5. Assess the Nature of Deficiency. Consider the following:

- A brief description of the control(s) that are not working effectively.
- The key risk(s) that the control is designed to mitigate.
- Summary of test results that identified the deficiency (if applicable).
- Whether other key controls to offset the same risk were present and working effectively to mitigate the risk
- Whether there are any known instances where the control failures resulted in the risk actually occurring
- Whether there are any detective controls designed to identify problems after a risk may have occurred

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency: Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.



6. Use **Nature of Deficiency** column to provide a brief description of the nature of the deficiency. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the problem.

AART - Assurance Local			VERSION 4.0
Select View: <input type="text" value="Select view"/>			HELP
FO Code	TST		
Date			
Attester	Shoshi Geller		
Insert Row			EXTRACT
			CLEAR ALL
Material Account	Process	Site	Nature of Deficiency
Accounts Payable	Payable Management	TST	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.

7. Assess the **Potential Impact** of the process deficiencies on the affected Material Account(s). Considerations may include:

- The nature of risk the control was designed to offset (e.g., a risk related to compliance with laws and regulations may not result in an actual impact on accounts)
- The results of testing (e.g., severity of test failures - did all or some controls to offset the risk fail, etc.)
- Whether the risk actually occurred as a result of the control failures (e.g., If one control over invoice approval failed, was the correct amount ultimately paid.)
- Results of additional testing (Note: Sites may opt to perform additional testing to get a better sense of how wide-spread the issue may be and how it might impact accounts.)



A-123 Quick Start Guide Reporting and Assurance

- e. The original likelihood and impact ratings at the risk and control set level
- f. Relative exposure (e.g., dollar amount and number of transaction affected by the control)
- g. Whether all transactions/dollars may be effected equally or have the same likelihood and impact of occurrence (e.g., would the nature of an invoice approval control failure indicate that federal invoices are impacted differently than commercial invoices?)
- h. Potential impact on the core financial reporting assertions (PERCV)
- i. Potential impact of any entity level control issues that may increase the impact of the deficiency
- j. Level of automation in the controls or lack thereof
- k. Existence of backup controls that were known to be working effectively, whether originally considered key controls or not
- l. Other criteria the site believes are important to its assessment

Example of Potentially Significant Impact

Material Account: Accounts Payable

Process: Payable Management

Potential Significant Impact: The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.

Example Potential Insignificant Impact³



8. Record the Potential Impact summary and rationale for each Process by Material Account. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the impact that could result from the control deficiency.

AART - Assurance Local				4.0	
Select View: <input type="text" value="Select view"/>				<input type="button" value="HELP"/>	
FO Code		TST		<input type="button" value="EXTRACT"/>	
Date				<input type="button" value="CLEAR ALL"/>	
Attester		Shoshi Geller			
<input type="button" value="Insert Row"/>					
Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description
Accounts Payable	Payable Management	TST	3	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.



A-123 Quick Start Guide Reporting and Assurance



9. It is highly recommended to record the Supporting Documentation and CAP Reference(s). These could include:
 - a. Corrective Action Plan location
 - b. CAP number(s)
 - c. Detailed documentation

AART - Assurance Local						
Select View: <input type="text"/> <input type="button" value="HELP"/>						
FO Code		TST		<input type="button" value="EXTRACT"/>		
Date				<input type="button" value="CLEAR ALL"/>		
Attester		Shoshi Geller				
<input type="button" value="Insert Row"/>						
Material Account	Process	Site	Rating	Potential Impact Description	Supporting Documentation	CAP References
Accounts Payable	Payable Management	TST	3	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	Dean's office filing cabinet	CAP-TST-1, CAP-TST-2



Documentation must be readily accessible and be made available upon request for validation purposes.

E. Aggregate Site data into the Field Office AART Tool Suite.

1. Import the Assurance Local data of your AART⁴. Click the Import Local button in the header of the Assurance Rollup Tab. The Assurance Local data is automatically imported.

AART - Assurance Rollup						
Select View: <input type="text"/> <input type="button" value="HELP"/>						
FO Code		EMCBC		<input type="button" value="IMPORT SITES"/> <input type="button" value="CLEAR ALL"/>		
Date						
Attester		Lance Schlag		<input type="button" value="IMPORT LOCAL"/>		
<input type="button" value="Insert Row"/>						
Material Account	Process	Site Code	Rating	Nature of Deficiency	Potential	Import/Change Reference
No Deficiencies		EMCBC				

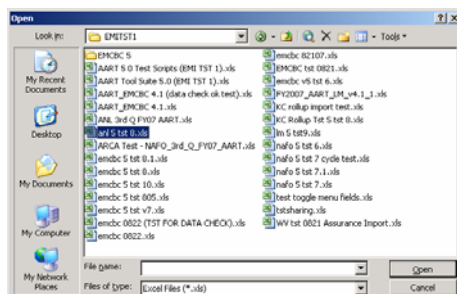
2. **[FO Only]** Rollup the Site Assurance Data for all sites under your cognizance. Click the Import Sites button in the header of the Assurance Rollup Tab.

AART - Assurance Rollup						
Select View: <input type="text"/> <input type="button" value="HELP"/>						
FO Code		EMCBC		<input type="button" value="IMPORT SITES"/> <input type="button" value="CLEAR ALL"/>		
Date						
Attester		Lance Schlag		<input type="button" value="IMPORT LOCAL"/>		
<input type="button" value="Insert Row"/>						
Material Account	Process	Site Code	Rating	Nature of Deficiency	Potential	Import/Change Reference
No Deficiencies		EMCBC				



A-123 Quick Start Guide Reporting and Assurance

3. **[FO Only]** Navigate to the AART file for the data you wish to import and double click on the file. The Site Assurance Local data is automatically imported. If the data is already imported determine if you wish to overwrite the existing data⁵. The Site Assurance Local data is automatically imported.



Local Site																			
Local FO																			
AART - Assurance Rollup																			
<table><tr><td>Material Account</td><td>Process</td><td>Site Code</td><td>Rating</td><td>Nature of Deficiency</td><td>Potential Impact Description</td></tr><tr><td>Accounts Payable</td><td>Payable Management</td><td>TST</td><td>3</td><td>Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.</td><td>The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.</td></tr><tr><td>Intragovernmental Fund Balance with Treasury</td><td>FBWT</td><td>TST2</td><td>4</td><td>Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.</td><td>The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.</td></tr></table>		Material Account	Process	Site Code	Rating	Nature of Deficiency	Potential Impact Description	Accounts Payable	Payable Management	TST	3	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	Intragovernmental Fund Balance with Treasury	FBWT	TST2	4	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.
Material Account	Process	Site Code	Rating	Nature of Deficiency	Potential Impact Description														
Accounts Payable	Payable Management	TST	3	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.														
Intragovernmental Fund Balance with Treasury	FBWT	TST2	4	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.														

4. **[FO Only]** Repeat for all sites under your cognizance.
5. Review and analyze all data in the Assurance Rollup tab.

AART - Assurance Rollup

VERSION 4.0

Select View:

Select view

HELP

FO Code

CH

Date

Attester

Tom Foley, CFO

Insert Row

Material Account	Process	Site Code	Rating	Nature of Deficiency	Potential Impact Description
Accounts Payable	Payable Management	TST	3	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.
Intragovernmental Fund Balance with Treasury	FBWT	TST2	4	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.

6. Review and analyze all data in the Assurance Rollup tab. For example, careful consideration should be given to process ratings of 5 since a control deficiency may not be significant individually, but could indicate a larger problem if there are numerous process deficiencies within a Material Account.



A-123 Quick Start Guide Reporting and Assurance

F. Assess materiality of process deficiencies.

1. Review the **Assurance Summary tab**. The “y” is automatically populated and indicates Material Accounts with Deficiencies that need to be evaluated and assessed.



2. Fill in **Total Account Balance** (as of June 30th) for each Material Account that is identified as having a deficiency.

AART - Assurance Summary				
Select View: <input type="text" value="Select view"/>		<input type="button" value="HELP"/>		
FO Code		TST		
Date		November 5, 2006		
Attester		Shoshi Geller		
Deficiency	No. Mat Acct	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating
Material Accounts Summary				
Balance Sheet				
y	Intragovernmental Fund Balance with Treasury	\$ 15,000	\$ 150	
	Intragovernmental Investment			
	Intragovernmental Regulatory Assets			
	Accounts Receivable, Net			
	Nuclear Materials			
	Strategic Petroleum and Northeast Home Heating Oil Reserve			
y	General Property, Plant and Equipment	\$ 50,000	\$ 500	
	Regulatory Assets			
y	Other non-intragovernmental assets	\$ 6,900	\$ 69	

3. Material **Weakness Threshold** is automatically calculated and is **1%** of the **Total Account Balance**.

AART - Assurance Summary				
Select View: <input type="text" value="Select view"/>		<input type="button" value="HELP"/>		
FO Code		TST		
Date		November 5, 2006		
Attester		Shoshi Geller		
Deficiency	No. Mat Acct	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating
Material Accounts Summary				
Balance Sheet				
y	Intragovernmental Fund Balance with Treasury	\$ 15,000	\$ 150	
	Intragovernmental Investment			
	Intragovernmental Regulatory Assets			
	Accounts Receivable, Net			
	Nuclear Materials			
	Strategic Petroleum and Northeast Home Heating Oil Reserve			
y	General Property, Plant and Equipment	\$ 50,000	\$ 500	
	Regulatory Assets			
y	Other non-intragovernmental assets	\$ 6,900	\$ 69	
	Intragovernmental debt			
	Intragovernmental appropriated capital owned			
y	Accounts Payable	\$ 10,000	\$ 100	



A-123 Quick Start Guide Reporting and Assurance

4. **Determine** whether material weaknesses or reportable conditions exist:

- a. A **material weakness** has been identified that could materially impact the account (i.e., creates more than a remote likelihood that a material misstatement of financial statement accounts may not be prevented or detected.) For this exercise, material misstatement at the field office level will be defined as a potential misstatement in a specific account that exceeds 1% of the total account balance for the field element or that the decision maker otherwise believes would materially mislead a user of the affected report.
- b. A **reportable condition** has been identified that could significantly impact the account (i.e., creates more than a remote likelihood for a misstatement of financial statements and the misstatement may be of a more than inconsequential magnitude.)
- c. **Not significant** deficiencies are deficiencies that do not rise to a reportable condition or material weakness level. These equate to an Assurance Rating of 5-Control Deficiency.
- d. Specific criteria to consider when determining the rating include (but are not limited to):
 1. The nature of the deficiency.
 2. The nature of risk the control was designed to offset (e.g., a risk related to compliance with laws and regulations may not result in an actual impact on reports.).
 3. The results of testing (e.g., severity of test failures - did all or some controls to offset the risk fail, etc.).
 4. Whether the risk actually occurred as a result of the control failures (e.g., if one control over invoice approval failed, was the correct amount ultimately paid.).
 5. Results of additional testing (Note: Sites may opt to perform additional testing to get a better sense of how wide-spread the issue may be and how it might impact accounts.).
 6. The original likelihood and impact ratings at the risk and control level.
 7. Whether all transactions/dollars may be affected equally or have the same likelihood and impact of occurrence (e.g., would the nature of an invoice approval control failure indicate that federal invoices are impacted differently than commercial invoices?).
 8. Potential impact on the core financial reporting assertions (PERCV).
 9. Potential impact of any entity level control issues that may increase the impact of the deficiency.
 10. Level of automation in the controls or lack thereof.
 11. Existence of backup controls that were known to be working effectively, whether originally considered key controls or not.
 12. Other criteria the site believes are important to its assessment.

Example Nature of Deficiency Insignificant

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency (Significant): There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/ underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.

Example Nature of Deficiency Insignificant⁶



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5. For all Material Accounts with identified deficiencies in the **Assurance Rating column** select, from the drop down box, material weakness, reportable condition, or not significant.

AART - Assurance Summary					
Select View: <input type="text" value="Select view"/>					
FO Code: CH					
Date: November 20, 2006					
Attester: Shoshi Geller					
No. Mat Acct					
Deficiency	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale	Strategy for Correction
Material Accounts Summary					
Balance Sheet					
Y Intragovernmental Fund Balance with Treasury	\$ 15,000	\$	not sig		
Intragovernmental Investment					
Intragovernmental Regulatory Assets					
Accounts Receivable, Net					
Nuclear Materials					
Strategic Petroleum and Northeast Home Heating Oil Reserve					
Y General Property, Plant and Equipment	\$ 50,000	\$	mat		
Regulatory Assets					
Y Other non-intragovernmental assets	\$ 6,900	\$	not sig		
Intragovernmental debt					
Intragovernmental appropriated capital owned					
Y Accounts Payable	\$ 10,000	\$	rep		
Debt					

6. Record rationale for **all** accounts regardless of rating. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the problem. This description might include (but is not limited to) the following:
- A summary of the nature of the deficiency (you may use language from the Local & Assurance Rollup Sheets to assist.).
 - A summary of potential impacts (you may use language from the Local & Assurance Rollup Sheets to assist.).
 - A summary statement on the key factors that drove the decision.
 - A statement that there is or is not more than a remote likelihood that a material misstatement (affecting the noted account) may not be prevented or detected

A well formulated rationale: There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies created more than a remote likelihood that a material misstatement may not be prevented or detected.

AART - Assurance Summary					
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>					
FO Code: TST					
Date: November 5, 2006					
Attester: Shoshi Geller					
No. Mat Acct					
Deficiency	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale	
Material Accounts Summary					
Balance Sheet					
Y Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig		
Intragovernmental debt					
Intragovernmental appropriated capital owned					
Y Accounts Payable	\$ 10,000	\$ 100	mat		

There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.



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7. Develop a summary **Strategy for Correction** for each account with a material weakness or reportable condition based on the corrective action plans **identified** and in process at the local levels.

Material Account: Accounts Payable
Process: Payable Management

Strategy for Correction: Steps to correct the deficiency have already been taken. The key strategies for correction are to:

- a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed.
- b) Recover/repay any over/under payments.
- c) Perform monthly spot audits to ensure that controls are being implemented properly.
- d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards.
- e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future.



8. Record the **Strategy for Correction** summary for any material weakness or reportable condition ratings (not required for *not significant* items) into the Strategy for Correction column of the Assurance Summary tab.

AART - Assurance Summary				
Select View:	Select view	HELP		
FO Code	TST			
Date	November 5, 2006			
Attester	Shosh Geller			
No. Mat Acct				
Deficiency	Material Accounts Summary	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating
Balance Sheet	Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig
	Intragovernmental debt			
	Intragovernmental appropriated capital owned			
	Accounts Payable	\$ 10,000	\$ 100	mat
	Rationale			Strategy for Correction
	There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.			Steps to correct the deficiency have already been taken. The key strategies for correction are to: a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed. b) Recover/repay any over/under payments. c) Perform monthly spot audits to ensure that controls are being implemented properly. d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards. e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future.



9. It is highly recommended to enter the location information of the any Detailed A-123 Documentation in the **Supporting Documentation** field of the AART.

AART - Assurance Summary				
Select View:	Select view	HELP		
FO Code	TST			
Date	November 5, 2006			
Attester	Shosh Geller			
No. Mat Acct				
Deficiency	Material Accounts Summary	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating
Balance Sheet	Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig
	Intragovernmental debt			
	Intragovernmental appropriated capital owned			
	Accounts Payable	\$ 10,000	\$ 100	mat
	Rationale			Strategy for Correction
	There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.			Steps to correct the deficiency have already been taken. The key strategies for correction are to: a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed. b) Recover/repay any over/under payments. c) Perform monthly spot audits to ensure that controls are being implemented properly. d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards. e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future.
	Supporting Documentation			
	Dean's office filing cabinet			



A-123 Quick Start Guide Reporting and Assurance

G. Update the Assurance by Process tab based on the information populated in the Assurance Summary tab.



1. For all processes with deficiencies and identified by a "y", review the Assurance Summary tab and the Assurance Rollup tab to see if any deficiencies related to that process are the cause of a Material Weakness or Reportable Condition at the Account level.

Select the respective rating (i.e., material weakness, reportable condition, or not significant) from the drop down list to provide the **Assurance Rating**.

AART - Assurance by Process		VERSION 4.0				
Select View: <input type="text" value="Select view"/>						
FO Code		CH				
Date						
Attester		Shoshi Geller				
Number of Material Weaknesses by Process		0				
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	Rem. Status	CAP References
		General Ledger Management				
		Funds Management				
y	sig	FBWT				
		Cost Management				
		Insurance				
		Grants				
		Loans				
		Acquisition				
y	mat	Inventory Management				
y	rep	Payable Management				
		Travel				
		Revenue				



2. Enter the Accounts that are materially impacted by the deficient processes (i.e., indicated as having material weaknesses or reportable conditions in the Assurance Rating column) into the **Accounts Materially Impacted** column.

AART - Assurance by Process		VERSION 4.0				
Select View: <input type="text" value="Select view"/>		HELP				
FO Code		TST				
Date						
Attester		Shoshi Geller				
Number of Material Weaknesses by Process		1				
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	Rem. Status	CAP References
		General Ledger Management				
		Funds Management				
y	not sig	FBWT				
		Cost Management				
		Insurance				
		Grants				
		Loans				
		Acquisition				
y	mat	Inventory Management	General Property, Plant and Equipment			
y	rep	Payable Management	Accounts Payable, Other Non-			



A-123 Quick Start Guide Reporting and Assurance



3. Develop a summary **Strategy for Correction** for each process with a material weakness or reportable condition based on the corrective action plans identified and in process at the local levels.

AART - Assurance by Process					VERSION 4.0
Select View: <input type="text" value="Select view"/>					HELP
FO Code		TST			
Date					
Attester		Shoshi Geller			
Number of Material Weaknesses by Process		1			
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	
y	mat	Inventory Management	General Property, Plant and Equipment	Steps to correct the deficiency have already been taken. The key strategies for correction are to: Do a 100% review of invoices for the last 12 months to identify any instances where the control failed. Recover/repay any over/under payments; Perform monthly spot audits to ensure that the controls are being implemented properly; Retrain payment personnel and specifically link their performance ratings to adherence to control standards; Revise quarterly erroneous payment review procedure to increase the likelihood of detecting such failures in the future.	



4. Fill in the **Remediation Status** and **CAP Reference(s)** column with appropriate status and reference information.

Z					VERSION 4.0	
Select View: <input type="text" value="Select view"/>					HELP	
FO Code		TST				
Date						
Attester		Shoshi Geller				
Number of Material Weaknesses by Process		1				
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	Rem. Status	CAP References
y	mat	Inventory Management	General Property, Plant and Equipment	Steps to correct the deficiency have already been taken. The key strategies for correction are to: Do a 100% review of invoices for the last 12 months to identify any instances where the control failed. Recover/repay any over/under payments; Perform monthly spot audits to ensure that the controls are being implemented properly; Retrain payment personnel and specifically link their performance ratings to adherence to control standards; Revise quarterly erroneous payment review procedure to increase the likelihood of detecting such failures in the future.	In Progress	CAP-TST-1



Prior to preparing your Year-End Assurance Statement consider any Entity deficiencies and the overall level of assurance.



A-123 Quick Start Guide Reporting and Assurance

H. Submit Year End Assurance Report

1. Refer to A-123 Annual Guidance and/or DOE A-123 Website for required reporting dates.
2. Complete the year end Assurance Statement using either the DOE Field Assurance Report Template or the DOE LPSO/CD Assurance Report Template using the information compiled in the assurance tabs of the AART.
3. Prepare the Assurance submission packet.
 - a. Completed Year End Assurance Statement
 - b. AART Tool suites (FO must include all Site AARTs)
 - c. Material Weakness Corrective Action Plans and/or Reportable Condition Corrective Action Plans
4. Submit the Assurance submission packet.

FIELD OFFICE

- a. Send a hardcopy to the Lead Program Secretarial Office (LPSO)
- b. Send carbon copy to other Secretarial Offices that provide significant funding to the Site.
- c. Send carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review, and A-123 Project Management Team.
- d. An electronic copy is to be submitted via e-mail to the A-123 Helpdesk at A-123Helpdesk@hq.doe.gov.

LPSO/CD

- a. Send a hard copy to the Chief Financial Officer (CFO) with a carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review.
- b. Send a carbon copy to the A-123 Project Management Team.
- c. An electronic copy is to be submitted via e-mail to the A-123 Helpdesk at A-123Helpdesk@hq.doe.gov.



A-123 Quick Start Guide Reporting and Assurance

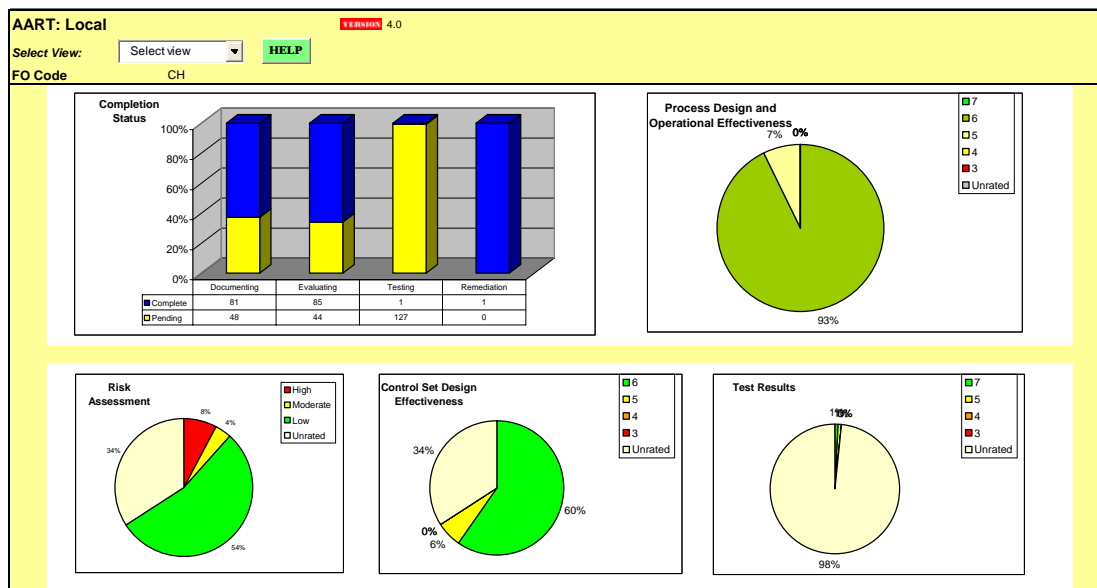
SUPPLEMENTARY INFORMATION AND DEFINITIONS

¹ The account status column of the Rollup AART provides the Field Office with the ability to quickly identify Material Accounts with process or entity control environment deficiencies across all elements under your cognizance.

AART: Rollup		VERSION 4.0		Chicago-Rollup							Chicago					Argonne National Lab					Brookhaven National Lab												
Select View:		<div>Select view</div>		<div>HELP</div>														<div>Import</div>					<div>Import</div>										
Chicago																<div>Import</div>					<div>Import</div>												
FO		CH		FO-CH							CH					ANL					BNL												
Attestor				Tom Foley, CFO							Tom Foley, CFO					Michael Bartos, CFO																	
Material Account				Acct Status		MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM
Balance Sheet																																	
	Intragovernmental Fund Balance with Treasury	5		y	6	5	6		6	6	y	6	5	6		6	6																
	Intragovernmental Investment																																
	Intragovernmental Regulatory Assets																																
	Accounts Receivable, Net																																
	Nuclear Materials	6		y	6		6													y	6		6										
	Strategic Petroleum and Northeast Home Heating Oil Reserve																																
	General Property, Plant and Equipment	6		y	6		6													y	6		6										
	Regulatory Assets																																
	Other non-intragovernmental asset																																
	Intragovernmental debt																																

The account status will display the lowest rating of the Material Account row. In the event that a Field Office Entity Control Environment is deemed deficient, that Overall EC rating will impact all accounts.

² The statistics tab includes charts displaying local progress and key metrics. Results are based on local data included in the AART (no "Rollup" data is included). An explanation of the charts is available below the charts on the statistics tab.





A-123 Quick Start Guide Reporting and Assurance

³ Example: Potential Insignificant Impact

Example Potential Insignificant Impact

Material Account: Accounts Payable

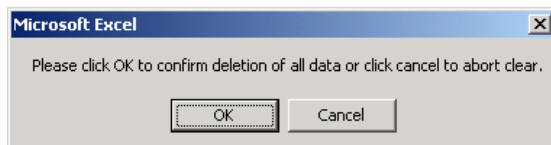
Process: Payable Management

Potential Insignificant Impact: The control deficiency could potentially result in significant non-compliance with laws and regulations. However, occurrence of this risk has no direct impact on account balances. Factors contributing to this determination include: the nature of the risk the control was designed to offset; the results of testing, which identified systemic control failures and actual instances of failure to comply with regulations.

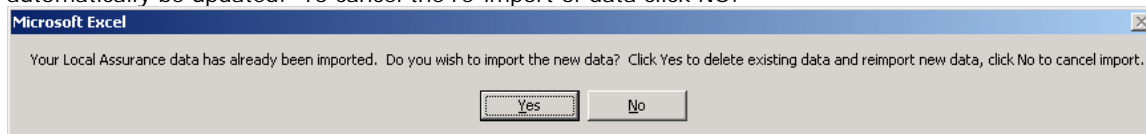
⁴ If data from the previous year Assurance exists in the Assurance Rollup tab, or you wish to restart the Assurance process, click the CLEAR ALL button in the header of the Assurance Rollup tab.

AART - Assurance Rollup				VERSION 5.0
Select View: <input type="text" value="Select view"/>				HELP
FO Code	EMCBC			IMPORT SITES IMPORT LOCAL CLEAR ALL
Date				
Attester	Lance Schlag			
Insert Row				
Material Account	Process	Site Code	Rating	Nature of Deficiency
No Deficiencies		EMCBC		

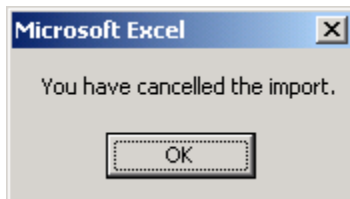
You will be prompted with a confirmation that you wish to proceed. Click OK to continue clearing all data and click CANCEL to exit the clear all function.



⁵ **[Applies to both Import Local and Import Site buttons]** If the data already exists in the AART Assurance Rollup tab you will be prompted whether or not you wish to overwrite the existing data. This action will delete the rows to enable a re-import. Therefore, if the Field Office has adjusted any of the associated descriptive the data will be lost. To continue the re-import of the data click YES. The data will automatically be updated. To cancel the re-import of data click NO.



A message box will notify you that the import has been cancelled. Click OK to return to Assurance Rollup tab of the AART.





A-123 Quick Start Guide Reporting and Assurance

⁶ Example: Nature of Deficiency (Insignificant)

Example 2 Nature of Deficiency Insignificant

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency (Insignificant): There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in one of the key controls. However, follow-up work revealed that none of the failures noted during testing resulted in actual over/underpayments as the other key controls were effective backups to ensure the control objective was achieved. In addition, post payment detective controls, such as quarterly erroneous payment reviews have proven effective in detecting any errors that may occur. Based on the effectiveness of the control set taken as a whole, it is our professional judgment that there is not more than a remote likelihood that a material misstatement may not be prevented or detected.